

Agricultural Situation

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DIVERSION PROGRAMS, HIGH EXPORTS RESULT IN LOWER CARRYOVER OF WHEAT

The Nation's wheat carryover on July 1, 1964, totaled 900 million bushels, 295 million below a year earlier, and was the third consecutive year that carryover dropped. The steady decline in carryover stocks is the result of special acreage diversion programs for both the 1962 and 1963 crops and the high level of exports. During the past 4 years, exports averaged 720 million bushels per year, about 245 million more than the preceding 4-year average.

As in past years, the Commodity Credit Corporation held the bulk of wheat stocks—832 million bushels on July 1. In addition to the CCC stocks, 17.3 million bushels were outstanding under loan and reseal loan from the 1963 crop. Old-crop reseal totaled 36.6 million bushels.

Wheat in private hands—"free" stocks—totaled an estimated 14 million bushels on July 1. This estimate is subject to change as more complete CCC fiscal data become available. Because the 1964-crop price support is 52 cents per bushel below that for the 1963 crop, "free" stocks were expected to be almost nonexistent.

From 1953 to 1963, wheat in excess of allotments or permitted acreage was



not readily available to the market. The 1964 crop is not subject to marketing quotas and farmers are free to sell this wheat from past crops without paying the penalty. The most recent official report indicates stocks of penalty wheat totaled 21.8 million bushels on January 1 of this year. The transition marketing certificates also probably induced flour millers to carry some stocks.

With the estimates of carryover noted, and production estimated at 1,285 million bushels—13 percent above last year and 5 percent above average—plus an allowance for imports of about 5 million bushels, the total wheat supply for 1964-65 is indicated at 2,190 million bushels. A supply of this size is sharply below that of recent years and is about 500 million below the peak supply of 1960-61.

Total disappearance of wheat in 1964-65 is estimated at 1,310 million bushels, 25 million more than the August estimate for the 1964 crop. Domestic use is expected to total 635 million bushels and exports another 675 million. Total disappearance is substantially below the record total of 1,438 million bushels in 1963-64 but somewhat above the 5-year average.

Domestic disappearance of wheat in 1964-65 is estimated to be slightly higher than in recent years. The expected rise in the use of wheat for feed would account for most of the increase in domestic disappearance.

The increase in feed use would stem from the competitiveness between wheat and feed grain prices. Competition would probably be the greatest in areas where large portions of the wheat acreage are not enrolled in the program.



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Any such increase in feeding would be in the summer and early fall because feed grain prices generally reach their seasonal highs in this period while wheat prices are at their lowest level.

Economists estimate the use of wheat for food in 1964-65 may again be about 500 million bushels. The long-time decline in per capita consumption of wheat products is expected to continue to offset the rising population.

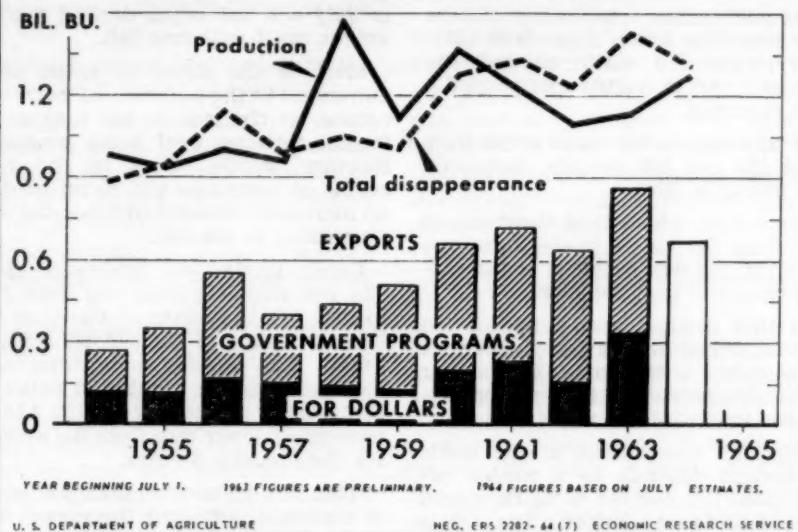
Exports of wheat and flour in 1964-65 are estimated at 675 million bushels, substantially below the record level of about 860 million set in 1963-64 but considerably above average. Last year exports received a boost because of short crops in Europe, Japan, and the Soviet Union. The bulk of the increased business was under commercial terms and helped to establish an estimated record dollar export level of 340 million bushels. The remainder of the exports, about 520 million bushels, were shipped under the Food-for-Peace program.

This season's better wheat crops in the Soviet Union and Europe are expected to not only reduce their import demands but will intensify competition for commercial markets. In addition, the traditional exporters—Canada, Australia, and Argentina—will have large crops. Because of this, commercial sales in 1964-65 may only account for 15 to 20 percent of the estimated exports of 675 million bushels. This estimate assumes that the authority to make agreements under Public Law 480 will be extended beyond the December 31 expiration date.

The average price received by farmers for wheat in 1964-65 will probably be near the national average loan rate of \$1.30 per bushel. Approximately 70

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WHEAT DISAPPEARANCE



percent of the crop is eligible for price support and total demand is expected to slightly exceed the 1964 crop. Based on present supply and demand factors, prices may register no more than a normal seasonal increase in 1964-65.

Wheat is now being offered for sale by CCC at the statutory minimum price—105 percent of the price support loan plus applicable carrying charges—or at the market price, whichever is higher. This price would be about \$1.38 per bushel, on a national average farm basis, in August. In actual practice, the CCC sales price is computed on the basis of individual locations.

The U.S. average price received by farmers for wheat in 1963-64 was \$1.85 per bushel, 3 cents above the loan rate applicable to the 1963 crop. The farm price rose very sharply from a low of \$1.75 per bushel in July 1963 to \$2 in January 1964. This increase far ex-

ceeded the normal seasonal rise and was triggered by the sharp rise in exports beginning in September 1963. Farm wheat prices remained strong through May 1964 when they averaged \$1.88 per bushel. They declined significantly in June as new-crop wheat entered the market at prices related to the \$1.30-per-bushel loan rate. In June, the average farm price was \$1.40 per bushel and by July it had declined to \$1.33.

Use of the loan program in 1963-64 was at the lowest level in 16 years. Under the new loan procedure, loans on farm-stored wheat will be easier to obtain in 1964-65. As a result, loan activity may increase. However, deliveries to CCC may be as small as they were in 1963-64, based on present supply and disappearance estimates.

William Askew
Economic Research Service



LIVESTOCK MARKETING, 1964

Fed cattle prices rose sharply in June after trending lower since late 1962. Heavyweight fed cattle showed the most gain and in August commanded a price premium.

By mid-August fed cattle prices were about \$25 per 100 pounds, compared with \$20.52 in May.

Cow prices, which held steadier last year than fed cattle prices, have not shared in the improvement of fed cattle prices this past summer.

At this writing, marketings of fed cattle in the third quarter of this year are expected to be a little above a year earlier, but probably 5 to 10 percent below the level of the second quarter.

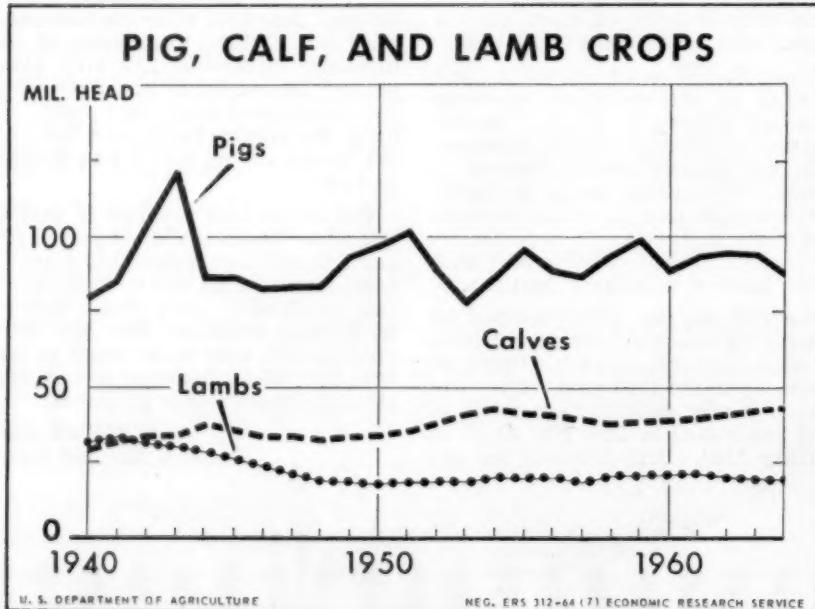
This fall the volume of fed cattle marketings depends to a sizable extent upon the number of cattle placed on feed this past summer. The supply of cattle suitable for feedlot finishing is abundant and cattle feeders have excess lot capacity. However, even an 800-pound feeder steer placed on feed

in July will not reach desired market weight until well into fall.

Most of the slaughter cattle price movement in the past several years was caused by changes in the amount of feedlot fattened beef being produced. However, cattle prices in the next couple of years also will be affected by an increasing number of grass-fed cattle coming to market.

Cattle production follows a cycle. The last complete cycle was from 1949 to 1958. In the current cycle there has been a buildup of cattle for 7 straight years. The buildup is tapering now, and this year the number of cattle on farms will increase only about 1.0 to 1.5 percent—a lower rate than the average for the previous 6 years.

This slowing of the buildup of cattle is a critical period in the cycle. The beef supply surpasses demand and prices are unfavorable to producers. Prices recover only after cattlemen have adjusted inventories to better



aline them with consumer demand. Such an adjustment is painful to producers, who generally receive unfavorable prices until the adjustment is well underway.

There are several reasons behind the summer rise in prices of fed cattle:

1. Average live weights of cattle slaughtered under Federal inspection, up 15 to 25 pounds from a year earlier in the first quarter, dropped below a year earlier in May.

2. The number of cattle in feedlots weighing more than 1,100 pounds was

5 percent lower on July 1 than a year earlier. The total number on feed was down 3 percent.

3. USDA has been purchasing beef for the National School Lunch Program and needy families.

4. An export development program was started to increase U.S. sales of beef and live cattle to foreign countries.

5. An industry-government program was started to promote consumption of the plentiful beef supply.

*George R. Rockwell, Jr.
Economic Research Service*

SWEETPOTATOES—Past and Future

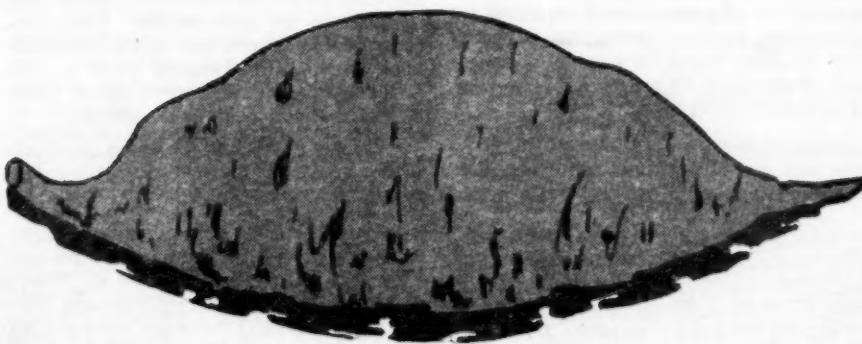
Partly in response to low prices for 1962-crop sweetpotatoes, growers cut acreage moderately in 1963. Growing conditions were less favorable than a year earlier, and yields were materially below the record levels of 1962. Therefore, production was 17 percent smaller than in 1962.

Because of light supplies, the price to growers last season averaged materially higher than a year earlier. Also, the seasonal price rise was much more pronounced than usual, increasing from \$3.08 per hundredweight in October 1963 to \$8.02 in June 1964. Supplies moving to fresh market were a tenth below a year earlier during the first half of the 1963 season and more than a fourth smaller during the January-June period.

Despite relatively favorable returns for the 1963 crop, another small supply of sweetpotatoes appears likely this season. In early August, indicated production was 4 percent smaller than in 1963. Prospective yields are a little above those of last year, but acreage is down moderately.

Prices at the time of this writing were relatively high, because harvest was just beginning. With increased marketings, prices should exhibit some seasonal decline into the fall. However, if production is in line with August indications, prices to growers during the 1964-65 marketing season are likely to average above those of the previous season.

*Donald S. Kuryloski
Economic Research Service*



DEMAND FOR FARM PRODUCTS CONTINUES STRONG

Demand for farm products by the consumers of the Nation is expected to continue gaining throughout the remainder of this year because of increasing personal income and expanding population.

The major contributors of the gain in income are: Increasing employment, rising wages, larger dividends, and a surge in corporate profits. In addition, consumer take-home pay was augmented earlier this year by a cut in income tax rates. Nearly half the gain in consumer purchases from the first quarter to the second was for nondurable items, including food and other farm products, a much larger share than usual. Buoyed by increased purchases for red meats and other higher priced foods, and by increased eating out, consumer spending for food this year has been running about 4 percent above a year earlier.

Prices received by farmers in the first half of this year averaged 2 percent below that same period of 1963, and for the year as a whole are expected to average about 3 percent below last year. Loan levels are lower this year for wheat and cotton and production of agricultural products is increasing, particularly for livestock and livestock products. However, demand for farm products continues to expand in response to growing population, increased per capita income, and increased exports. Average prices received by farmers for all products are expected to strengthen further from the reduced level in June when they were 232 percent of the 1910-14 average, the lowest since December 1959.

Prices of livestock and livestock products are up a little from the reduced levels of the first half of this year, when

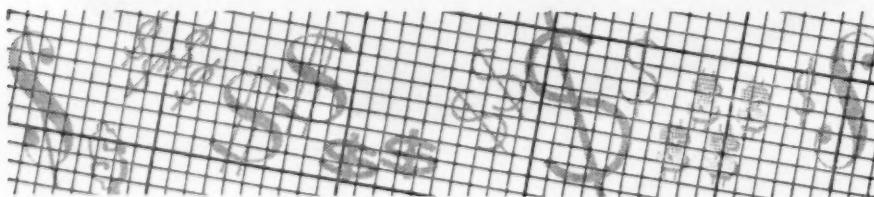
they were 5 percent below a year earlier. Hog prices are up seasonally during the third quarter and a prospective reduction in marketings indicates higher-than-year-earlier prices received later this year. Cattle prices have strengthened some from the relatively low average received in January-June. Prices for chickens and milk are expected to continue a bit higher than price levels in the first half of the year.

For crops, the prices received averaged 2 percent above a year earlier in the first half of 1964 but are averaging a little lower during the second half. Loan rates for wheat and cotton are lower than in 1963 and the price for old-crop corn has been running lower than a year earlier since July. Prices for soybeans and hay are averaging lower than a year earlier during the second half of this year.

The volume of marketings of farm commodities during June was about 3 percent more than a year earlier. Consequently, even though prices received during the first half averaged a little lower, cash receipts from marketing farm products were slightly above a year earlier. Receipts from milk, tobacco, and oranges were sharply higher, but receipts from wheat, cotton, and cattle were lower.

Cash receipts from crops during the first half of this year were higher than a year earlier because of a 2-percent increase in prices and a moderate gain in volume of marketings. Cash receipts for livestock and livestock products were little changed from a year earlier—lower prices were about offset by gains in volume of marketings.

This year's output of farm products likely will total a little more than last year. Acreage planted or grown for



major crops this year is nearly as high as in 1963 and total acreage harvested is expected to be slightly larger than in 1963. Crop indications as of August were brighter than they were a year earlier and yields are likely to continue at about recent high levels.

The picture for livestock and live-stock products shows production in January-June was 4 or 5 percent above a year earlier. And production is expected to total a little above 1963 during the remainder of the year. Most of the gain is in beef production, but output of poultry and eggs is also higher than last year. Milk production for the year is expected to be slightly above that in 1963. Pork production during the first half was 2 percent above a year earlier, but a smaller spring pig

crop indicates production this fall will be below year-earlier rates.

Realized net income of the Nation's farmers during January-June was \$12.3 billion this year, seasonally adjusted annual rate, down 1 percent from 1963. For the past 10 years the realized net farm income fluctuated between \$11.1 billion and \$12.6 billion. During this period the number of farms declined steadily, but the average income per farm increased from \$2,500 to \$3,500. If the present downtrend in number of farms continues, in another 6 or 8 years an average income of \$4,500 per farm would require the same total net farm income as was estimated for the first half of this year.

*Clark Edwards
Economic Research Service*

Rye Supplies Rise— Above 1963-64 But Still Below Average

The Nation's rye supply for 1964-65 is expected to total about 40.7 million bushels, 9 percent more than last year's small supply but about 5 percent less than average.

On July 1 of this year the carryover of rye was 5.3 million bushels of which CCC owned 663,000 bushels. Production is indicated at 34.4 million bushels, 17 percent above last year and average. Imports during the season are expected to total 1 million bushels.

Total disappearance in 1963-64 was 32 million bushels, substantially below the high level of 42.3 million reached in the previous season, but about average. Domestic disappearance of 22 million bushels was about the same as in 1962-63. Exports totaled about 10 million bushels, less than half the record export of the previous season.

The national average loan rate for 1964-crop rye is \$1.07 per bushel, the same as for the 1963 crop. The average price of rye in 1963-64 was estimated at \$1.08 per bushel. In July of this year the average price received by farmers for rye was \$1.03 per bushel, the same as a year earlier.

*William Askew
Economic Research Service*

OCTOBER IS CO-OP MONTH

October has been set aside as Co-op Month, according to proclamations by several States. The U.S. Department of Agriculture is participating by holding an exhibit show.

"Cooperatives Help USDA Programs Build America" is the theme of an exhibit to be featured in the Patio of USDA's Administration Building in Washington.

This exhibit will focus on five reasons why USDA works with farmer cooperatives.

CO-OPS—

- Raise farm income.
- Build up the economies of rural areas.
- Provide quality products to consumers.
- Develop international understanding.
- Strengthen democracy.

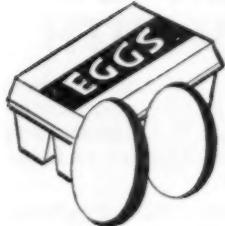
Special events are planned and include a film festival, panel discussions, information booths, special co-op fact leaflets, and the attendance of top Government officials. Groups of young people, foreign visitors, and others have been invited. The general public is welcome, too.

outlook

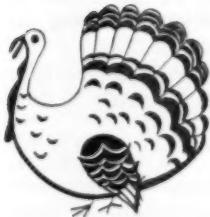


Based on conditions as of September 3, 1964

Broilers



Turkeys



Cotton

Mill consumption of upland cotton during 1964-65 is expected to total 9.6 million bales, 1.1 million more than last season and the highest since 1950-51. Exports during the 1964-65 season are expected to be maintained at a relatively high level.

Wool

Prices growers received for shorn wool during the remaining months of 1964 likely will average above a year earlier. However, a moderate price decline can be expected during the second half of 1964, similar to the drop last fall, mainly because of seasonal fluctuations in mill use. For the year, shorn wool prices will likely average moderately above the 48.5 cents per pound, grease basis, received in 1963.



Farm Income

Average realized net income per farm in the first half of this year was at a rate slightly higher than in 1963. A further reduction occurred in the number of farms which offsets a slight drop in the seasonally adjusted annual rate of aggregate realized net farm income.

Hogs

Hog slaughter in the first half of 1964 was slightly above a year earlier. Price of barrows and gilts at eight markets averaged \$17.11 per hundredweight in July—\$1.33 less than a year earlier.

Slaughter rates are expected to fall below those of a year earlier sometime during the summer months and then remain below the rest of the year and early 1965.

The peak price of barrows and gilts this year is expected to be about the same as last year, when it averaged \$18.44 in July. But the peak will probably come a little later this year. Prices in late 1964 are expected to be moderately higher than the \$14.72 in the fourth quarter last year.



Sheep and Lambs

The number of sheep and lambs on farms on January 1, 1965, is expected to decline further to a new low. Denver slaughter lamb prices in July-September likely will average a little above the \$20.21 average of a year earlier. In October-December they probably will be somewhat above the \$19.11 year-earlier average.



AMERICAN AGRICULTURE GOES A-VOYAGING

Running the gamut of farm products from wheat through meat and from tallow to tobacco, the United States exported agricultural commodities worth a record \$6.1 billion in 1963-64, and practically all of the \$1 billion increase was in dollar sales.

Principal increases were in wheat and flour, feed grains, soybeans, rice, lard, dairy products, poultry products, meat, cotton, tallow, and tobacco.

The balance of trade for the past several years has been highly favorable and the 1963-64 fiscal year, at a record \$2 billion, was no exception, as the figure shows. In fact it is the largest balance for which records are available.

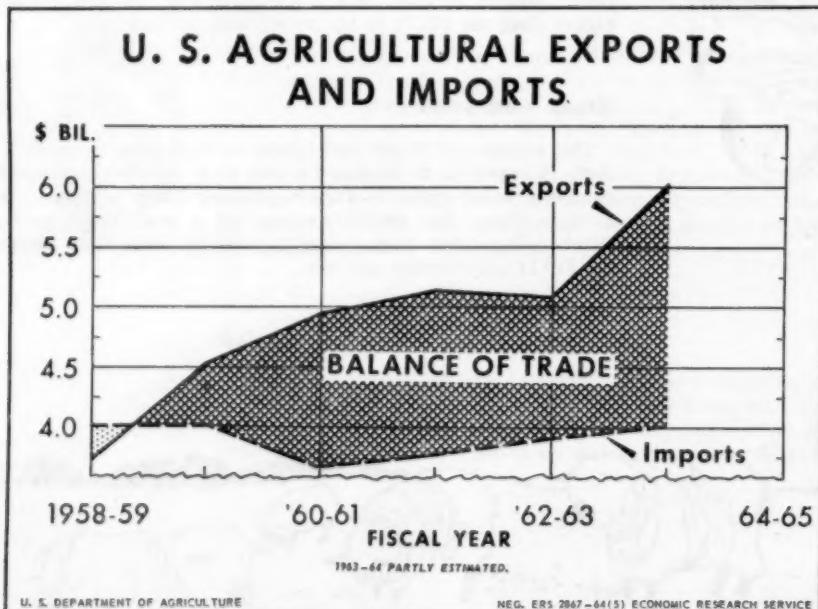
Dollar exports were at a record high \$4.5 billion in the fiscal year—about three-fourths of the \$6.1 billion total. Dollar exports exceeded the previous record \$3.6 billion, set in the previous fiscal year, by nearly \$1 billion, and accounted for most of the gain in agricultural exports in 1963-64. These gains in dollar sales were mostly for larger exports of wheat and flour, feed

grains, soybeans, animal products, rye, tobacco, and cotton.

Another healthy sign, in addition to the increase in dollar sales, it would appear is the smaller share of total U.S. exports under the Food-for-Peace program. Although estimated at about \$1.6 billion—the same as in the previous year—these programs accounted for only 26 percent of total U.S. agricultural exports compared with 30 percent in 1962-63.

Exports, assisted by export payments in 1963-64, are estimated at \$2.3 billion, of which \$1.4 billion were sales for dollars and \$900 million under Government-financed programs. The assistance, in the form of export payments and sales below domestic market prices, is estimated at \$800 million—not included in the value of agricultural exports. These payments of \$800 million were about one-third above those of other recent years, mostly because of increased sales of wheat and flour, and cotton.

What contributed to the billion dollar gain in U.S. agricultural exports?



Many factors: Market development advancement of Western Europe and Japan, generally expanding populations, improving diets, competitive pricing, and better quality of U.S. exports. In addition, there were inflationary trends in Western Europe and the unfavorable harvest of wheat in the Soviet Union.

Cotton exports were stimulated by a change in the CCC cotton program. This change allowed sales at competitive prices from CCC stocks. Also, a slight decline in foreign free world production in the previous season, and relatively small stocks in most exporting and importing countries played their part in advancing cotton exports. In the previous year, more cotton exports moved under the payment-in-kind program.

Because of the growth of disposable incomes in industrialized countries of Western Europe and Japan, consumers upgraded their diets with a variety of

foods, especially livestock products. Following this demand, U.S. exports included not only substantially larger amounts of feed grains and protein meal for livestock production but also increased shipments of meat and other livestock consumer products.

How much of productive American agricultural land went into the business of producing for export, and what share of total U.S. agricultural cash receipts came from exports in fiscal 1963-64? Some 80 million acres were needed to produce the agricultural commodities exported. Those exports accounted for the output of one out of every four acres harvested by American farmers.

U.S. wheat exports of almost 850 million bushels in 1963-64, compared with 637 million in the previous fiscal year, accounted for two-fifths of world exports of wheat in 1963-64.

*Robert Tontz
Economic Research Service*

BEEKEEPERS KEEPING MORE BEES IN 1964

Beekeepers in the United States had 5,645,000 colonies of bees on July 1 of this year—2 percent more than produced in the record large 1963 crop.

The number of colonies increased 7 percent in both the East and West North Central regions, 3 percent in the North Atlantic, and 1 percent in the West. In the South Atlantic region the number was about the same as last year. The only decrease was in the South Central region—down 2 percent.

More replacements and smaller death losses increased the total number of colonies. During the winter and spring 15 percent of the colonies were lost, compared with 16 in 1962-63. Throughout New England and most of the East and West North Central States, bees wintered much better than usual. This probably resulted from more favorable winter weather and better honey stores because of good flows late last fall. Colonies in some Southern States had higher losses this year because of more winter kill and starvation.

Losses as a percent of the number of colonies entering the winter were 18 percent in the West, 17 percent in the South Central, 16 percent in the West North Central, 14 percent in the South Atlantic, 12 percent in the North Atlantic, and 10 percent in the East North Central regions.

Condition of colonies on July 1 was 87 percent of normal, compared with 85 a year earlier. Conditions averaged somewhat better than last year in all but the Western region.

Condition of nectar plants nationally on July 1 averaged 77 percent, 2 points higher than last year but below average for the date. Conditions were above a year earlier in all regions except the West North Central. Dry weather in the Dakotas and Minnesota during spring and early summer held nectar plant conditions slightly below last year in that area.

*David T. Mateyka
Statistical Reporting Service*

U.S. COTTON CONSUMPTION EXPECTED HIGHEST SINCE 1951

Cotton acreage planted in the foreign free world countries this season is expected to increase slightly over last year. Under normal growing conditions, this would result in a slight production increase. Although acreage was up in 1963-64 from the previous season, production fell slightly because generally favorable growing conditions and record-high yields were not repeated.

Carryover of upland cotton on August 1, 1964, is estimated at 12.2 million bales, up 1.2 million from a year earlier and the largest since the record-high 14.4 million bales on August 1, 1956.

Carryover increased despite greater disappearance than a year earlier because of the large 1963 crop that resulted from favorable growing conditions and record-high yields. The 1963 crop of upland cotton was 15.1 million bales, the largest since 1953.

Domestic mill consumption of upland cotton during 1963-64 was 8.5 million bales, up 0.2 million from the previous season. During the same period an estimated 5.6 million bales were exported, an increase of more than 2 million from the previous year.

Disappearance of upland cotton during the 1964-65 crop year is expected to total 14.8 million bales, 0.7 million more than in the previous season and the most since 1959-60, a year when exports were unusually large. Mill consumption is expected to increase sharply during 1964-65 and exports are likely to stay at a relatively high level.

For the 1964-65 crop year, cotton used domestically or for export is eligible for the same rate of equalization payment. The initial payment-in-kind rate for 1964-65 is 6.5 cents per pound. The new law prohibits direct payments to producers. However, payments may be made at any point in the marketing channel, including to mills. Recipients must assume obligation for domestic use or export an equivalent amount of cotton.

Consumption of upland cotton by do-

mestic mills during this crop year is expected to total 9.6 million bales, 1.1 million more than last year and the most since 1950-51.

The 1964-65 estimated large mill consumption stems from expectations for an improved competitive price position of cotton and cotton textiles in the domestic market. The estimate assumes a continued high level of general economic activity and some rebuilding of inventories of cotton textiles.

The increased rate of use during recent months supports the expectation of greater mill consumption in 1964-65. The seasonally adjusted daily rate of cotton consumption in June was up 4 percent from the previous month and the May rate was up 2 percent from April.

U.S. exports of cotton during the 1964-65 crop year are expected to reach 5.2 million bales, compared with 5.6 million in the previous season. The estimate is based in part on a continuation of the upward trend in foreign free world cotton consumption from the record level set in 1963-64. However, foreign free world production may rise slightly in 1964-65 from the previous year.

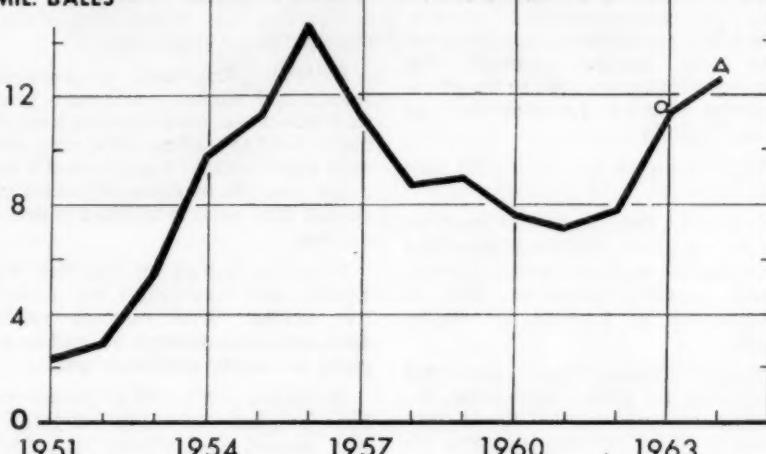
Purchases of cotton for export have remained at relatively high level in recent months. This reflects expectations of high effective export prices during the early weeks of the 1964-65 season before the 1964 crop is freely available. For the past 2 years, about half the crop was ginned by mid-October.

Imports of cotton textiles, on a raw cotton equivalent basis, totaled 257,200 bales in the first 5 months of 1964—14 percent below the figure during the comparable months of 1963. Imports totaled 634,000 bales in 1962, slightly below the record-high 645,500 in calendar 1962.

U.S. exports of cotton textiles, on a raw-cotton-equivalent basis, totaled 203,700 bales for the first 5 months of

CARRYOVER OF COTTON

MIL. BALES*



* ALL KINDS IN RUNNING BALES, U. S. AUGUST 1

○ PRELIMINARY

▲ ESTIMATED.

U. S. DEPARTMENT OF AGRICULTURE

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1964, a gain of 15 percent over the same months of last year. In 1963 export of cotton textiles totaled 432,800 equivalent bales, the smallest since 1940.

The average value of cotton fabric declined during May and June, but was still above a year earlier. The wholesale fabric value for June was 60.87 cents per pound, down from the 61.62 of May but up from the 60.11 of June 1963.

Prices paid by mills for cotton increased slightly in June from a month earlier. However, these prices paid by mills do not reflect the 6.5-cents-per-pound equalization payments that have been made on mill openings since April 11, 1964.

Stocks owned and held by CCC against outstanding price-support loans totaled 10.4 million bales as of July 7—well above a year earlier but down from February 1964. Upland stocks held against outstanding price support loans reached a high of 6.8 million bales on February 21 of this year but declined to 6.0 million bales by July 17. The decline reflected redemption of cotton from the loan for

market resale and redemptions under the supplemental export sales program.

Commodity Credit Corporation stocks of owned cotton declined sharply during the 1963-64 season because of the regular sales for export program where CCC stocks were offered for export on the basis of competitive bids. CCC owned 4.4 million bales of upland cotton on July 17, 1964, down from the 8.0 million of August 1, 1963.

Government financing of cotton exports under special programs amounted to about \$174 million and covered shipments of about 1.3 million bales during fiscal 1963-64.

World production of manmade fibers in 1963 continued its sharp upward trend of recent years. Total world production set record highs each year since 1958. The 1963 production, in cotton equivalent bales, equaled 29.2 million bales, an increase of about 2.9 million over the 26.3 million in 1962. U.S. production accounted for 27 percent of the world total last year.

James R. Donald
Economic Research Service

CUT IN VEGETABLE ACREAGE ADVISED

A 4-percent cut in total 1965 winter vegetable acreage is recommended in USDA's acreage-marketing guides. Designed to help growers balance production with market demand, the acreage-marketing guides are based on the market potential for each crop in the season ahead.

Here's a rundown of crops, with recommendations:

Snap beans: Extremely cold weather cut yields in 1964. Markets absorbed the reduced crop at attractive prices. Figuring normal yields in 1965, a 5-percent cut in acreage is recommended.

Cabbage: Acreage was expanded substantially in 1964. Low-price periods and some abandoned fields were the result. A 10-percent planting reduction should improve market prospects for the 1965 season.

Carrots: Growers cut plantings in 1964 after a disappointing 1963 marketing season—but not enough. This year a 10-percent acreage reduction from 1964 is recommended in Texas and 5 percent smaller in California.

Celery: Last winter's crop was the smallest produced since 1951. Cold weather delayed development and the crop sold at high prices. With average yields in 1965, an equal acreage would produce a slightly larger crop. This would be enough to balance with market needs.

Sweet corn: There is a market for more than we had in 1964. Plantings were cut last year and yields were

down. A 5-percent larger acreage is recommended for 1965; under normal conditions, this would yield a crop 25 percent larger than 1964.

Lettuce: Recorded a remarkable season last winter. Although production was large, cold weather kept shipments well spaced and the crop sold at very high prices. Last season's record is not likely to be matched, but growers should find good markets for the same acreage.

Peppers: Moved to market in an orderly flow last winter and at attractive prices. With average yields in 1965, an equal acreage should be about right to satisfy market needs.

Tomatoes: Winter requirements have expanded sharply. A large crop was moved last winter at relatively high prices. USDA recommends that growers plant the same acreage this winter as they did for 1964 harvest.

Potatoes: Heavy storage supplies were available last year, but the winter crop was moderate and growers recorded a successful marketing season. Storage supplies will probably be heavy again, so USDA suggests growers hold plantings in line with last year.

You can get a copy of the acreage-marketing guides for each commodity. See your local extension agent, or drop us a card, asking for *Acreage-Marketing Guides, Winter Vegetables and Winter Potatoes*. Our address is Agricultural Situation, Division of Information, Office of Management Services, USDA, Washington, D.C., 20250.

Peanut Supplies Plentiful But Below 1963

The total supply of peanuts during the 1964-65 marketing year, which began on August 1, is estimated at 2,341 million pounds (farmers' stock basis), or about 2 percent below last season. Allowing for slight increases in peanut consumption and farm use, about one-fifth of the 1964 crop will be acquired by the CCC under the price-support program. Peanuts acquired under the program will be crushed, exported, or

added to existing stocks. Civilian per capita consumption of peanuts in domestic food use now stands at around 7.0 pounds (farmers' stock basis).

Despite the lower 1964 crop, peanuts will be in surplus and prices to farmers probably will average near the 1964 CCC support rate of \$224 per ton. Peanut prices in recent years have been relatively stable, hovering near their price-support levels.

Stanley A. Gazelle
Economic Research Service

POTATOES IN EARLY 1964

In the early months of 1964, potato supplies were a little smaller than a year earlier, but still heavy. Markets in most areas were under pressure, and prices to growers averaged moderately lower than a year earlier. Beginning in midwinter, however, the market improved steadily. By spring, supplies were relatively light and prices high. Greater use of storage potatoes for food compared with a year earlier, heavy diversions to starch and livestock feed, and a sharp drop in new crop production were responsible for the dramatic strengthening of the market.

Movement of old-crop potatoes into food outlets totaled moderately larger than a year earlier; fresh market sales were up moderately, and food processors used substantially more. Under a USDA diversion program, 5.7 million hundredweight of potatoes were diverted into starch and livestock outlets. In addition, although the Maine potato industry did not participate in the Government program, about 2.7 million hundredweight of Maine potatoes were used for starch. Because of increased food use and large diversions, most of the surplus of storage potatoes had been removed by early spring.

Partly in response to low prices in recent years, potato growers in nearly all spring-crop States reduced acreage in 1964. Spring-crop production was a fifth smaller this year than last, and the smallest in more than a decade. With both old- and new-crop supplies relatively light, the spring market was usually strong. Prices to growers in May-June of this year averaged \$3.48 per hundredweight compared with a low \$1.59 a year earlier.

*Donald S. Kuryloski
Economic Research Service*



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In This Issue

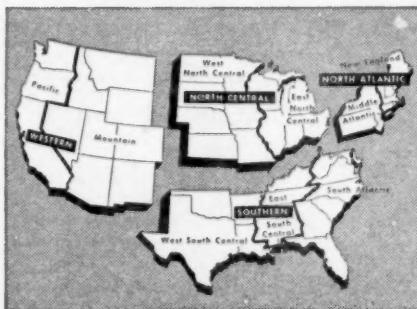
Index

	Page
Lower Carryover of Wheat	1
Livestock Marketing, 1964	4
Sweetpotatoes	5
Demand for Farm Products Continues Strong	6
Rye Supplies Rise—Above 1963-64	7
October Is Co-Op Month	7
Outlook	8
American Agriculture Goes A-Voyaging	10
Beekepers Keeping More Bees in 1964	11
U.S. Cotton Consumption Expected Highest Since 1951	12
Cut in Vegetable Acreage Advised	14
Peanut Supplies Plentiful But Below 1963	14
Potatoes in Early 1964	15

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